

through work activities to transition off of such assistance program and families that are at risk of becoming dependent on such assistance program."

(B) in paragraph (3)

(i) in subparagraph (A), by striking "(B) and (C)" and inserting "(B) through (D)";

(ii) in subparagraph (B)

(I) by striking "Subject to the reservation contained in subparagraph (C), the" and inserting "AND RELATED ACTIVITIES. The";

(II) in clause (i) by striking "; and" at the end and inserting a period;

(III) by striking "for—" and all that follows through "section 658E(c)(2)(A)" and inserting "for child care services on a sliding fee scale basis, activities that improve the quality or availability of such services, and any other activity that the State deems appropriate to realize any of the goals specified in paragraphs (2) through (5) of section 658A(b)": and

(IV) by striking clause (ii):

(iii) by amending subparagraph (C) to read as follows:

"(C) LIMITATION ON ADMINISTRATIVE COSTS—

Not more than 5 percent of the aggregate amount of funds available to the State to carry out this subchapter by a State in each fiscal year may be expended for administrative costs incurred by such State to carry out all of its functions and duties under this subchapter. As used in the preceding sentence, the term "administrative costs" shall not include the costs of providing direct services." and

(iv) by adding at the end thereof the following:

"(D) ASSISTANCE FOR CERTAIN FAMILIES—A

State shall ensure that a substantial portion of the amounts available (after the State has complied with the requirement of section 418(b)(2) of the Social Security Act with respect to each of the fiscal years 1997 through 2002) to the State to carry out activities under this subchapter in each fiscal year is used to provide assistance to low-income working families other than families described in paragraph (2)(H)."; and

(C) in paragraph (4)(A)

(i) by striking "provide assurances" and inserting "certify";

(ii) in the first sentence by inserting "and" shall provide a summary of the facts relied on

by the State  
to determine that such rates are sufficient  
to ensure  
such access" before the period: and  
(iii) by striking the last sentence.

**SEC. 606. LIMITATION ON STATE ALLOTMENTS.**

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Section 658F(b)(1) (42 U.S.C. 9858d(b)(1)) is amended by  
if  
striking "No" and inserting "Except as provided for in section  
6580(c)(6), no".

**SEC. 607. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.**

Section 658G (42 U.S.C. 9858e) is amended to read as follows: